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November 19, 1954
Letter Opinion
No. 54-261-L

Mr. Gordon Shoaf, Chief Deputy Director
Division of Insurance
Arizona Corporation Commission
Capitol Annex Building
Phoenix, Arizona

Re: License fees under Arizona Insurance
Code effective January 1, 1955

Dear Mr. Shoaf:

This is in reply to your letter of November 1, 1954, wherein you posed the following questions concerning the annual license fees required for managing general agents, service representatives and independent adjusters, as specified in the new insurance code effective January 1, 1955, the renewal date of these licenses being June 30th of each year:

1. "May we by General Order or otherwise postpone the effective date required for the licenses from January 1, 1955 to July 1, 1955 allowing these persons a six month moratorium in which to qualify?"
2. If postponement is not possible, may we issue such licenses effective January 1, 1955 or subsequent thereto at pro rata or 50% of the annual fee since a maximum of six months is covered under the license?
3. Must we charge a full annual fee for such license from January 1, 1955 in spite of the fact that such licenses must be renewed effective July 1, 1955?"

The requirement that the above categories must not act without a license is clearly specified in the new insurance code. Concerning managing general agents, Article 5, Sec. 9(a) states, in pertinent part:

"Sec. 9. MANAGING GENERAL AGENTS--
LICENSING. (a) No person shall in Arizona
act as managing general agent of an
insurer or underwriter's department
unless licensed therefor by the director.* * *"

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Pertaining to service representatives, Article 5, Sec. 5(c)
states, in part:

"Sec. 5. SERVICE REPRESENTATIVES.

* * *

* * * * *

(c) No service representative shall
act as such unless licensed therefor by
the director.* * *

* * * * *

And, to the same effect, concerning adjusters, Article 5, Sec.
33(a) provides, in part:

"Sec. 33. ADJUSTER'S LICENSE--
QUALIFICATIONS--EXEMPTIONS. (a) No
person shall in Arizona act as or hold
himself out to be an adjuster unless
then licensed therefor hereunder.* * *

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The above statutory provisions admit of no other construction
than that managing general agents, independent adjusters and service
representatives must be licensed after the effective date of the new
insurance code, said date being January 1, 1955. Thus, it is not
possible for the division of insurance, by general order, or other-
wise, to postpone the effective date required for the licensees
from January 1, 1955 to July 1, 1955, allowing those persons in
question a six months' moratorium in which to qualify.

In regard to your second question, it is our opinion that the
license fee may not be charged at pro rata or 50% of the annual fee.
The new code contains no authorization for such procedure and,
thus, the Director of Insurance must comply in full with Article
2, Sec. 26, sub-section (a)(6) which provides, in part:

"Sec. 26. FEES AND LICENSES. (a) The
director shall collect in advance the
following fees and licenses:

* * * * *

(6) Licenses:

* * * * *

Adjuster's License,
each year 10.00
Managing general agent's
license, each year. . . 5.00
Service representative's
license, each year. . . 5.00"

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Hence, in answer to your third question, we conclude that those persons falling under the statutory definition of managing general agent, service representative or independent adjuster, must be charged the full annual fee for license from January 1, 1955, the effective date of the new insurance code.

We trust the above information satisfactorily answers your questions.

Sincerely yours,

LAURENS L. HENDERSON, Jr.
Assistant to the
Attorney General

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